

**THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**DOCKET NO. 2021-130-S**

IN RE: Joint Application for Approval of the	)	<b>DIRECT TESTIMONY</b>
Sale of Assets and Transfer of	)	
Facilities, Territory and Certificate of	)	<b>OF</b>
Public Convenience and Necessity	)	
from Synergy Utilities, L.P. to South	)	<b>CRAIG SORENSEN</b>
Carolina Water Utilities, Inc.		

1    **Q.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2    A.    My name is Craig Sorensen. My principal place of business is 1710 Woodcreek Farms  
3           Road, Elgin, South Carolina 29045.

4    **Q.    WHAT IS YOUR CURRENT POSITION?**

5    A.    I am President of Southeast Utilities, SouthWest Water Company's business unit  
6           operating in Alabama, Florida, and South Carolina. I am also President of South  
7           Carolina Water Utilities, Inc. ("SCWU"), which is part of Southeast Utilities.

8    **Q.    PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL**  
9           **BACKGROUND.**

10   A.    I hold a Bachelor of Science degree in Mining Engineering from the University of  
11           Missouri-Rolla and a Master's degree in Business Administration from Samford  
12           University. I am a registered Professional Engineer in four states, including South  
13           Carolina. My experience includes over 25 years in the water and wastewater industry,  
14           from construction to design engineering and large facility project management to utility  
15           ownership and management.

1   **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2    A.    The purpose of my testimony is to provide an overview on behalf of SCWU regarding  
3           its joint application with Synergy Utilities, L.P. (“Synergy”) requesting approval of the  
4           acquisition of Synergy’s assets, customers, and service area by SCWU.

5   **Q.    PLEASE DESCRIBE THE PROPOSED TRANSACTION UNDER**  
6       **CONSIDERATION IN THE INSTANT PROCEEDING.**

7    A.    SCWU and Synergy jointly filed an application on April 12, 2021, requesting  
8           Commission approval to effect the acquisition by SCWU of Synergy’s assets,  
9           customers, and service territories according to the asset purchase agreement dated  
10          March 31, 2021, and filed as Exhibit C of the joint application.

11   **Q.    PLEASE DESCRIBE SCWU’S HISTORY IN SOUTH CAROLINA.**

12   A.    SCWU currently provides water and wastewater utility service to customers of a system  
13          formerly owned by Harbor Island Utilities, Inc. (“Harbor Island”) and wastewater  
14          utility service to customers of a system formerly owned by T.J. Barnwell Utilities, Inc.  
15          (“Barnwell”). The transfer to SCWU of the assets, customers, and service territories  
16          of the Harbor Island and Barnwell systems were approved by the Commission by Order  
17          No. 2020-36 of Docket No. 2019-319-WS and Order No. 2020-35 of Docket No. 2019-  
18          318-S, respectively.

19          SCWU is a corporation, duly organized under the laws of the State of Delaware and  
20          authorized to do business in the State of South Carolina. SCWU is a wholly owned,  
21          indirect subsidiary of SouthWest Water Company (“SouthWest”). SouthWest,  
22          indirectly, wholly owns five utilities in South Carolina regulated by the Commission,

1 including: SCWU; Kiawah Island Utility, Inc.; South Carolina Water Utilities-CUC,  
2 Inc.; South Carolina Water Utilities – PUI, Inc.; and Palmetto Wastewater Reclamation,  
3 Inc. These five utilities provide water and/or wastewater utility service to  
4 approximately 56,000 equivalent residential connections.

5 SouthWest has a history dating back 130 years, its subsidiaries own and operate water  
6 and wastewater utility facilities in South Carolina, Texas, Florida, Alabama, Oregon,  
7 and California. SouthWest takes pride in providing safe and reliable water, wastewater  
8 services, and resource management for homes, businesses, and communities  
9 nationwide. SouthWest, including its subsidiaries, employs approximately 500  
10 professionals in the fields of utility operations, engineering, accounting, human  
11 resources, customer service, information technology, etc. Being part of the SouthWest  
12 family allows SCWU access to a depth and breadth of resources not typically available  
13 to smaller utilities.

14 **Q. PLEASE DESCRIBE HOW THE PUBLIC INTEREST IS SERVED BY THE**  
15 **PROPOSED TRANSACTION.**

16 A. Synergy's owners have expressed their desire to sell the utility, and thus, the public  
17 interest will be served by the transfer of assets from one capably operated utility to a  
18 larger utility equally or more capable. Moreover, the public interest is served by having  
19 utility ownership with a long-term commitment to operating the utility and investing  
20 the necessary capital required for sustainable, efficient operation. SCWU, by virtue of  
21 being part of the SouthWest family, has access to a depth of resources not necessarily  
22 available to smaller utilities, including specialists in fields such as information

1 technology, human resources, customer service, finance, engineering, construction, and  
2 strategic management. Furthermore, customers will not be materially affected by the  
3 transaction, and the transition of utility ownership will be carefully managed so that  
4 any inconvenience to customers is as minimal as possible. If approved, SCWU will  
5 offer customers access to electronic billing and payment options including via credit  
6 card online as well as access to 24-hour emergency customer service.

7 **Q. HOW HAS THE COMPANY ADDRESSED THE CONCERNS FROM**  
8 **NORTHWOODS ESTATES HOA AND ORANGEBURG DEPARTMENT OF**  
9 **PUBLIC UTILITIES (“DPU”) IN THIS PROCEEDING?**

10 A. Our due diligence reflects that Synergy is a well-run utility and operations are  
11 compliant with the service and discharge standards set by the set by the South Carolina  
12 Department of Health and Environmental Control and the South Carolina Public  
13 Service Commission. SCWU is aware of the concerns of both the Northwoods Estates  
14 HOA and Orangeburg DPU. However, SCWU and Synergy have held various  
15 meetings with the parties and continue to work collaboratively on finding a solution  
16 that is acceptable to all parties in this case. SCWU has proposed to donate the system,  
17 at no cost to Orangeburg DPU or Northwoods Estates, immediately following the  
18 closing of this transaction, and SCWU is hopeful to be a part of a solution to a long-  
19 standing issue between Synergy Utilities and the intervening parties.

1   **Q.    HAS SCWU PROPOSED ANY KIND OF RATE ADJUSTMENT AS PART OF**  
2   **THE PROPOSED TRANSACTION?**

3   A.    No, unless directed otherwise by the Commission, and until approved by the  
4   Commission as part of a future rate change proceeding, SCWU will continue charging  
5   current customers of Synergy their most recently approved base rates, which were  
6   approved by the Commission by Order No. 2018-369 of Docket No. 2017-28-S.  
7   SCWU intends to request changes to pass-through rates as the underlying costs change,  
8   as approved in Order No 2018-369.

9   **Q.    WILL SCWU SEEK RECOVERY OF ANY ACQUISITION PREMIUM?**

10  A.    No, in the joint application, SCWU states its commitment that it will not seek recovery  
11  of any acquisition premium related to the proposed transaction.

12  **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

13  A.    Yes, it does.